



Western Heights Water Company

32352 Avenue D • Yucaipa, CA 92399-1899

Office (909) 790-1901 • Fax (909) 797-2619 • www.westernheightswater.org

Minutes of June 15, 2018 Board of Directors Meeting

A Regular Meeting of the Board of Directors was held at the office of Western Heights Water Company, 32352 Ave D, Yucaipa, CA, on Friday, June 15, 2018. President Green called the meeting to order at 8:00 am. Directors present: Dr. Robert Zappia, Ben Kelly, John Dahlke, Duane Burk, General Manager Mark Iverson, Office Manager Debbie Patrick, and Administrative Clerk Amy McKenzie.

1. Public Comment – No public comment.
2. Minutes of Board Meeting – Minutes from the May 18, 2018 were reviewed and approved. Motion by Director Burk and seconded by Director Dahlke.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly had nothing significant to Western Heights Water Company to report.
4. July Board Meeting – The July Board Meeting is scheduled for Friday, July 20, 2018 at 8:00 am.
5. General Manager's Report:
 - a) Discussion Items:
 - a. Budget Status and Financials – Revenue and expenses are down slightly. The expenses from the work on the house has been reclassified.
 - b. Stock Split Update – Office staff have begun entering data in the new stock share tracking program. We will begin mailing notices to shareholders by the end of June. Mr. Iverson distributed a sample of the letter and Frequently Answered Questions to be mailed to shareholders.
 - c. Yucaipa Boulevard Pipeline Status – The majority of the 12-inch pipeline has been installed and tested from 17th Street to Avenue E. The remaining work includes an approximately 250-foot of 12-inch section in front of the Mobil station and two 8-inch crossings, which will be completed in the next two months. Work is being coordinated with the road widening activities. WHWC crew is starting work to install approximately 300-foot of 12-inch from 16th Street going east.
 - d. Well 2A – Well 2A was taken offline May 1 and disconnected from the system May 29 as directed by the Water Board staff. The well tested high in 123TCP in April. Additional follow-on testing also showed high results, which is what prompted the Well having to be disconnected. Well 2A produces about 18 percent of daily water supply. The difference can be made up by increasing production from the other wells and from YVWD. Wellhead treatment will be required to put the well back

online. 123 TCP is an organic compound that was present in pesticides. Its presence in our aquifer is from past agriculture in the area. Through our contacts with CalMutuals, we contacted an attorney that has successfully settled claims against Shell and Dow, the manufacturer of the compound. The attorney believes the case can be easily settled, which should cover our cost for treatment. The initial cost of a pretreatment system will be between \$500,000 and \$750,000. The annual operating costs will be \$15,000 to \$25,000 per year.

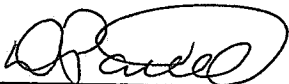
- e. Pending Litigation – Mr. Iverson is working with an attorney on a lawsuit filed by a former employee. He will keep the Board informed on the status.
 - f. GSA/GSP Update – Mr. Iverson is working with South Mesa Water Company on a project where San Bernardino Valley Municipal Water District will construct a pipeline to deliver imported water to the Wildwood Canyon Storm Water Retention Basins for recharge and storage in the Calimesa Sub-Basin of the Yucaipa Groundwater Basin.
 - g. Well Production – Mr. Iverson is looking at the other wells to ensure they are operating efficiently and to insure redundancy. Some well work will be needed. This needs to be considered when budgeting.
 - h. Proposed Rate Increase – Item was moved from “Action Items” for further discussion. Mr. Iverson will put together a policy for the Board’s approval to include how much funds are needed for operating revenue and infrastructure upgrades.
- b) Action Items
- a. Financial Advisor – Mr. Iverson received bids from three of the four financial advisors he contacted. His recommendation is Tri-Focus Wealth Management Group, Inc. based on their understanding of WHWC’s financial goals. Director Kelly presented information on the CAMP program from the state. Mr. Iverson will forward the information to the approved financial advisor to determine if WHWC is eligible to participate and if it is a good option for investments.

Motion 14:18 – To accept the General Manager’s proposal to select Tri-Focus Wealth Management Group, Inc. as the financial advisor to WHWC and to authorize the General Manager to work with Tri-Focus to develop the laddered investment portfolio for WHWC’s cash reserves. Motion was moved by Director Burk, seconded by Director Green, and passed unanimously.

6. Directors’ Matters

- a) Director Kelly asked about restrictions on how much above overhead can be included in the rate. Mr. Iverson noted each agency has guidelines for setting their rates. He isn’t aware of any threshold. Director Kelly will get additional information.

Meeting adjourned at 8:37 am.



Debbie Patrick, Secretary to the Board